



Section 108

Loan Application Proposal

Redevelopment and Expansion of the
Chick Webb Recreation Center, Baltimore, MD

May 2022

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GENERAL INFORMATION

Applicant: Mayor and City Council of Baltimore

Amount of current CDBG allocation \$22,378,771

Amount requested (in \$1,000 increments) \$12,240,000

Applicant Information:

Chief Elected Official: The Honorable Brandon M. Scott, Mayor

Address: City Hall, 100 North Holliday Street
Baltimore, MD 21202

Email: mayor@baltimorecity.gov

City Contact: Ted Carter
Deputy Mayor, Neighborhood and Economic
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Baltimore, MD 21202

Email: theodore.carter@baltimorecity.gov

Submitting Agency: Baltimore City Department of Housing &
Community Development

Alice Kennedy, Housing Commissioner
417 East Fayette Street
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Agency Contact: Stacy Freed

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Baltimore, MD 21202

Email: stacy.freed@baltimorecity.gov

Applicants Congressional District(s): 7th District

EXECUTIVE SUMMARY

The City of Baltimore is requesting a Section 108 Loan in the amount Twelve Million Two Hundred Forty Thousand Dollars (\$12,240,000) to support the redevelopment and expansion of the Chick Webb Recreation Center located at 1401 East Monument Street in the Dunbar-Broadway neighborhood. \$12 million of the Loan proceeds will be used to support direct construction costs, and the remaining \$240,000 will be used to pay the required financing fee. Total project costs are estimated to be Twenty-Million Seven-Hundred Sixty-Thousand Seven-Hundred Ninety-Six Dollars (\$20,760,796). The requested Section 108 Loan Funds will be leveraged by Eight-Million Four-Hundred Sixty-Thousand Seven-Hundred Ninety-Six Dollars (\$8,460,796) in non-federal sources. Loan Funds will be administered by the City's Department of Housing & Community Development (DHCD) and will be repaid through the Agency's annual Community Development Block Grant (CDBG) allocation. DHCD proposes to close on the Loan in summer 2022. Funds would be paid over 15 years at a projected 3.5 percent interest rate with the understanding that final underwriting will be determined by HUD.

Constructed in 1947, the Chick Webb Recreation Center, was the first recreation center and pool built for African Americans in segregated East Baltimore and is named after the jazz drummer and bandleader, William Henry "Chick" Webb, who grew up close to where the Center was built. After completion, the Center will include an upgraded and accessible swimming pool and locker facilities, a new multipurpose/ gym/ event space and exercise studio, basketball courts, classrooms, and a recording studio honoring the Center's founder. Chick Webb is one component of the Perkins Somerset Oldtown Transformation Initiative that was awarded a Thirty-Million Dollar (\$30,000,000) Choice Neighborhoods Grant in 2018. Sixty-Thousand Dollars (\$60,000) of Choice Neighborhood Grant funds will be used to support the design and installation of public art at the Center.

SECTION I

Discussion of the Proposed Activities in the Context of the Applicant's Community Development Objectives as Included in its HUD Consolidated Plan

Support for public facilities is referenced in multiple sections of Baltimore City's current Consolidated Plan which covers the July 2020-June 2025 period. Public facilities and public open space improvements are identified as a priority in the SP-25 Priority Needs section of the Plan. (See page 131.) These improvements are also a specifically stated goal in the Plan. (See SP-45 Goal Summary pages 163 and 167.) Additionally, the Perkins/Somerset/Oldtown Choice Neighborhoods Initiative, which the Chick Webb expansion is part, is one of the seven Major Redevelopment Areas identified in the Plan. (See page 119.)

Requested Amount of Section 108 Assistance

The City of Baltimore is requesting Twelve-Million Two-Hundred Forty-Thousand Dollars (\$12,240,000) in Section 108 assistance, an amount significantly less than the City's available borrowing capacity of over Ninety-Million dollars. The required two percent Financing Fee totaling Two-Hundred Forty-Thousand Dollars (\$240,000) is included in the Loan Request.

108 Citizen Participation

Public involvement in the proposed activities described in this Application began with an initial meeting in 2019. This was the first of multiple public hearings to discuss the redevelopment of the Chick Webb Recreation Center. Please see Attachments E, F, G, and H for details of public involvement in this redevelopment effort. DHCD began the required 30-day notification and public-comment period on the draft Section 108 Loan Application on February 14, 2022, by posting a Notice of Release in *The Baltimore Sun*, placing the draft on its website, and sending an email notification about the availability to comment to interested citizens, partners, elected officials, and residents who had participated in one of the community engagement meetings. The draft application was posted on Konveio, an on-line community engagement platform hosted by the City's Planning Department, discussed at a PSO project update public meeting sponsored by the Housing Authority of Baltimore City on March 2, 2022, and was the subject of a virtual public hearing that was held on March 3, 2022.

Summary of Public Comments

DHCD received a total of 13 comments: 9 through Konveio, 1 at the PSO Update, and 3 at the public hearing. Six of the comments were provided by the RJY Chick Webb Council, Inc., a tax-exempt organization established in May 2019 whose purpose is to advance the health and wellbeing of youth and adults through recreation and education; to promote the sustainability and viability of the historic Chick Webb Memorial Recreation Center; and, to advocate, maintain and improve the quality of life by contributing to the vitality of the center and the adjoining neighborhoods. Ronald Miles, the Council's President and spokesperson requested that the Council's efforts to encourage community involvement, identify programmatic and physical priorities and strategic planning efforts be more fully acknowledged. To that end, DHCD has updated the Community Engagement section of this Application and included documents prepared by the Council in the Attachments. Mr. Miles also requested that the space identified as a gymnasium be re-named as a multi-purpose room, and that change has also been made.

Remaining comments focused on specific programmatic and space utilization. The City concurs with, and supports, the majority of comments, many of which are already included as part of the redevelopment plans including: providing broadband access to the exterior spaces; preserving existing mature trees; following CDC recommended protocols to minimize the spread of COVID-19, and providing on-site assistance and posted operating procedures to maintain the usage and equipment in the recording studio and music room.

Summary of comments or views not accepted and the reasons for not accepting them

The City did not accept comments regarding the incorporation of a community garden as part of the Center's exterior space. The exterior of the facility has limited open space and is planned to complement recreational programming. A community garden is included as part of the City Springs Park within walking distance of Chick Webb.

A summary of comments and the City's responses can be found in [Attachment A](#).

Specific Section 108 Certifications and Other CDBG Certifications to accompany an application

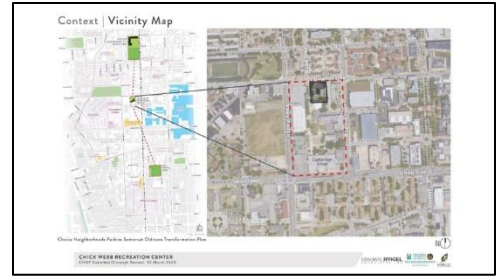
The required certifications are attached to this application in [Attachment B](#).

SECTION II

Project Information

Site, Facility Description & Proposed Improvements

Section 108 Funds will be used for the redevelopment of the existing Chick Webb Recreation Center and to construct a new addition. The recreation center is located at 1401 East Monument Street in Baltimore, Maryland. Built in 1947, Chick Webb was the first recreation center and pool built for African Americans in segregated East Baltimore and is named after the jazz drummer and bandleader, William Henry “Chick” Webb, who grew up in East Baltimore. The seed money for the construction came from other entertainers and members of the community through fundraising efforts and advocating for years for a recreation center, including purchasing a property for the center with their own money. In 2017, the Baltimore City Planning Commission designated the facility as a Baltimore City Landmark, requiring that any exterior renovations or modifications meet the City’s Historic Preservation Design Guidelines.



The site is located in the City’s Dunbar-Broadway community and is in close proximity to several communities that meet the required Low-mod population requirements, including Pleasant View Gardens, Douglas, Latrobe and Perkins Homes and the former Somerset Homes site. Much of this area is in or near the PSO Transformation Footprint that is discussed further in this section.

[Attachment C](#), Chick Webb Catchment Area illustrates the proximity of the Center to these communities.

The two-story, 17,192 gross square-foot facility is located on a 0.8 acre site and consists of two buildings built in three stages. The first portion of the building was constructed in 1947 and includes the original entrance. The original building is connected to a two-story structure in the rear, a former ice factory that was converted to a swimming pool on the lower level in 1949. A gymnasium was added on the upper level in 1959. The two buildings form an L-shaped structure, with an

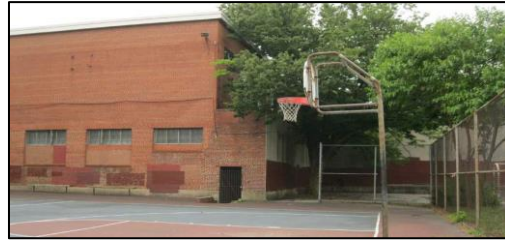


exterior playground and basketball courts in-between. Chick Webb currently includes a basketball court, multipurpose rooms that function as classrooms and an art studio, meeting space, a weight room, dance studio, swimming pool, and locker rooms.

The exterior space, known as Chick Webb Park, includes a basketball court and two playground areas with a swing set and climbing structure. Benches are located around the perimeter of the site along with mature canopy trees, many of which are in decline. The area outside of the original building and main

entrance is fenced with ornamental iron fencing and includes two circular planters. This fenced area

is not very usable for programmed activities but could serve as a future opportunity for public use. Most of the site is paved with painted concrete and asphalt. The paint is faded or worn off in many areas and the pavement is crumbled and cracked in many places.



Since the site was opened, the facility has undergone several upgrade and modernization efforts but has lacked funding for the comprehensive redevelopment that is proposed. In October 2018, the City's Department of Recreation and Parks (BCRP) commissioned a Facility Condition Assessment Report, conducted by EMG, to document existing conditions. The report identified several areas in poor condition, including roof leaks, suspected fungal growth and asbestos vinyl tile, significant accessibility issues, inefficient windows, aging boilers and electrical systems, no fire suppression system, and an outdated fire-alarm control panel. A copy of the Facility Condition Assessment can be found in [Attachment D](#).

The proposed upgrades will result in a 33,192 Gross Square Foot facility that includes: the 17,192 square feet of existing space and a new, 2-story 15,980 gross square-foot addition.

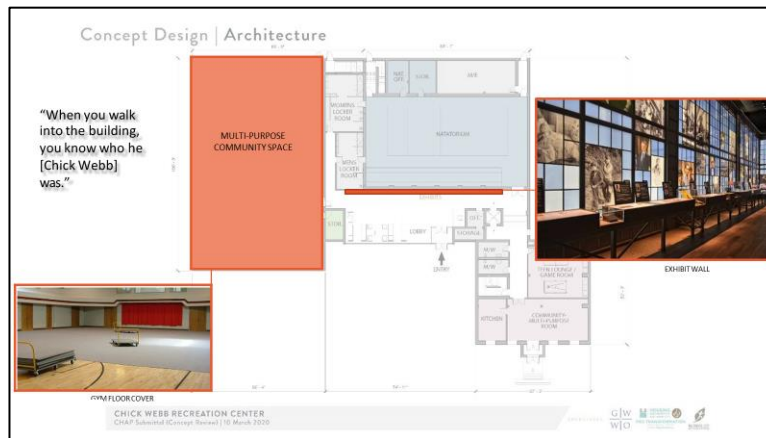
Basement spaces will have minor renovations, including upgrades to existing equipment, and a new stair added at the rear for egress. Users will enter the recreation center through the existing outdoor play space that will be a newly configured central courtyard with play spaces, green space, and seating. The courtyard will lead to a new, fully ADA accessible lobby connecting the renovated portions of the building with a large new multipurpose room/ gymnasium and locker rooms that will be part of the addition. Improvements will be made to the Natatorium finishes, equipment, and support spaces, and the pool and deck will be made fully accessible. The first floor of the existing building will also include a multi-purpose community room with adjoining kitchen, a teen lounge/game room, and restrooms and will include the installation of an elevator to provide accessibility. Renovations to the second floor will convert the existing gymnasium into two rooms: one for fitness and weights and the other for group fitness, create a music center featuring a recording studio with sound and voice booths, and another multipurpose room.

The new addition will include an expanded first-floor lobby, a large multipurpose room with a basketball court and gymnasium, new locker rooms, director and staff offices, and an elevator. The new locker rooms will be accessible from both the gymnasium and the Natatorium (swimming pool)

and provide private showers and changing spaces. They will also be equipped with double stacked “Z” configuration lockers, benches, swimsuit spinners, and hair dryers. The second floor of the new addition will include a walking track, a stretching zone, a lounge area and restrooms for men and women. restrooms. A new, two-story glass connector will bridge between the new and existing portions of the building and the expanded first-floor lobby. The lobby will contain exhibits relating to the history of the East Baltimore community and of Chick Webb, visible immediately upon entering the building.



The exterior of the existing portion of the building will be restored including cleaning, repair, and repainting of limestone and brick masonry, cleaning, and repair of building-mounted detailing such



as the original metal lettering (Chick Webb Memorial Recreation Center), and railings. New doors and windows will be installed as part of the exterior improvements. Because the facility is a designated local historic landmark, exterior construction will be required to comply with the City’s Preservation Rules and

Regulation and Design Guidelines, including review and approval of all building plans and permits.

As part of the overall renovations, Chick Webb Park will be improved as a plaza/gathering area to accommodate pedestrian circulation, play, relaxation, other passive activities, learning, historic/cultural interpretation, and storm-water management with the following features:

- A main plaza that serves as a gathering area and offers flexible space for events.
- A playground that will also accommodate special needs.
- A courtyard that will function as a small, secured gathering area and activity space with movable chairs and wheelchair accessible tables. A new gate will be added in the existing fence to allow access to and from the playground/gathering plaza area.
- A rain garden/bioretention area will be integrated into the plaza area as a landscape feature. A bridge element will be incorporated



to allow pedestrian access between the courtyard and plaza while maximizing storm-water drainage and storage capacity.

A summary of the program is below.

Chick Webb Memorial Recreation Center - Building Program		
		Net SF
New Construction		10,558
First Floor		
	Multi-Purpose Room/Gymnasium	6,472
	Lobby/Exhibits	1,209
	Office Space	295
Second Floor		
	Walking Track, Stretch Zone	2,331
	Lounge Area	251
Renovation		11,036
First Floor		
	Natatorium, Support Spaces	4,190
	Multi-Purpose Room, Kitchen, Storage	1,021
	Teen Lounge/Game Room	733
Second Floor		
	Founder's Recording Studio	765
	Multi-Purpose Room	948
	Fitness/Weight Room	2,444
	Group Exercise Studio	935
Total Net SF		21,594
Renovation Gross SF*		17,192
New Construction Gross SF*		15,980
Total Gross SF*		33,172

*includes Restrooms, Support Spaces, and Circulation

Additional information can be found in [Attachment E](#), Chick Webb Concept Plan.

Community Engagement

In collaboration with DHCD and the Housing Authority of Baltimore City (HABC), the Department of Recreation and Parks led the community engagement process. The community engagement process was led by Recreation and Parks consultants, Mahan Rykiel Associates and GWWO Architects and was part of a larger initiative to create an open space campus connecting three adjacent recreation facilities with the goal of coordinating programs and physical improvements: Chick Webb Recreation Center, Madison Square Park Recreation Center, and City Springs Park. The majority of the planning effort focused on Chick Webb.

Over a two-year period beginning in 2019 and concluding in 2021, 16 meetings were held with residents, stakeholders, and the general public. The community engagement process began with the creation of a Working Group that included residents, community leaders and businesses, local

institutions, elected officials, and City agencies. A complete list of the Working Group members can be found in [Attachment F](#). Of note are the efforts of the RJY Chick Webb Council and its President Ron Miles, which worked tirelessly to ensure a broad range of resident participation and an ongoing focus on the Center’s historic significance. A link to the Council’s work can be found [here](#).

The Working Group met four times during the Community Engagement process. Additionally, the City sought broad-based community participation through five public meetings, three focus groups for youth, three community association specific meetings and one exhibition committee that were held both in person and virtually. Public meetings focused on different aspects of the redevelopment as listed below:

Meeting	Focus
Public Meeting #1	Share project overview and schedule, listen to stakeholders for input and facilitate engagement exercises with reporting back.
Public Meeting #2	Share input to date, share preliminary program for input.
Public Meeting #3	Review development of concepts for additional input; share progress to date.
Public Meeting #4 (Online Engagement)	Share the DRAFT Plan (Chick Webb MRC and City Springs Park only) and survey questions to inform refinements during the next phase of design
Public Meeting #5 (Online Engagement)	Share the updated draft plan for Chick Webb MRC, results of survey questions, and next steps.

To encourage broad participation, public meetings were held throughout the community including Perkins Homes to ensure that residents felt included in the planning process. Additionally, the consultants organized meetings at other public housing communities, schools, and area recreation centers to engage youth and attract them as future users. In addition to holding meetings at Perkins meetings. A complete meeting schedule can be found in [Attachment G](#).

An important component of the community engagement process was identifying physical and programmatic priorities that might be included as part of the redevelopment. Through a combination of meetings, focus groups and surveys the community identified the following priorities:

- Preserve and elevate stories associated with the Center’s history as part of the redeveloped space, most notably how Chick Webb and the community worked and raised funds to support the East Baltimore community and provided recreation opportunities that would otherwise be unavailable.
- Be welcoming, user-friendly, and a place for everyone from young kids to seniors, serve as a “safe space” a gathering place for the community, and meet the needs of the local community.

- Incorporate ADA accessibility into the pool and other spaces, create a “founders room” recording studio, and provide a variety of space for events and activities.
- Include a full-size gymnasium, community kitchen, fitness and weight room and walking track.
- Provide flexible outdoor space with an improved and accessible playground.
- Include staff and local artists as the building design process.

Based on this input, six priorities were identified: recording studio, gymnasium, community multi-purpose room, walking track, lobby and exhibits and natatorium.

Additional details regarding public meetings can be found by clicking on a meeting date below:

[June 12, 2019](#)

[August 24, 2019](#)

[September 12, 2019](#)

[October 22, 2019](#)

[November 8, 2019](#)

[December 19, 2019](#)

[April 24, 2020](#)

[May 5, 2021](#)

[Exhibit Committee](#)

Additional details regarding Workgroup Meetings can be found by clicking on the meeting dates below:

[May 22, 2019](#)

[July 25, 2019](#)

[December 12, 2019](#)

[February 25, 2020](#)

May 5, 2021 (see above for link)

Preserving and incorporating the community’s rich African American history was critical to Chick Webb’s planning and design process. Exhibition space is planned for both interior and exterior spaces, along with murals that will be planned and designed by residents and local artists.

Perkins Somerset Oldtown Transformation/Choice Neighborhoods

The proposed Chick Webb redevelopment is one component of the City and HABC’s Perkins Somerset Oldtown (PSO) Transformation Initiative that is leveraging a 2018 \$30-million Choice Neighborhoods Grant. Choice Neighborhoods are intended to replace distressed public housing communities with mixed-income housing that is integrated into the surrounding neighborhoods. Perkins Somerset Oldtown (PSO) encompasses a 244-acre transformation zone that is home to 5,939 residents in 2,122 households located close to downtown Baltimore and the waterfront.

The Transformation Plan focuses on the redevelopment of three distressed sites: Pekins Homes located at 1401 Gough Street, the former Somerset Homes located at 500 North Central Avenue, and Oldtown Mall. When complete, the PSO Transformation Initiative will provide over 2,000 new units of mixed-income housing at the Perkins Homes and former Somerset Homes and adjacent locations. Nearly 57 percent or 1,272 of the units will be affordable to households earning 60 percent or less of the Area Median Income, including 652 replacement public housing units at Perkins.

Phase	Total Units	Public Housing Replacement Units	Market Rate Units	LIHTC Units (avg 60% AMI with units ranging 30% - 80% AMI or less)	LIHTC Units (50% AMI or less)
Oldtown	290		136 (47%)	154 (53%)	
S-1	104	50	20	34	
S-2	196	100	36	60	
S-3	72	36	20	16	
S-4	186	89	58	39	
Somerset Total	558	275 (49%)	134 (24%)	149 (27%)	
P-1	103	48	10	45	
P-2	156	76	40	40	
P-3	151	71	59	21	
P-4	153	70	55	28	
P-5	225	112	92	21	
Perkin Total	788	377 (48%)	256 (32%)	155 (20%)	
CNI Sub Total	1,346	652 (48%)	390 (29%)	304 (23%)	
Perkins Parcel I (east)	250	0	200		50
Perkins Parcel D	286	0	229		57
	536		429 (80%)		107 (20%)
Grand Total	2,172	652 (30%)	955 (44%)	458 (21%)	107 (5%)

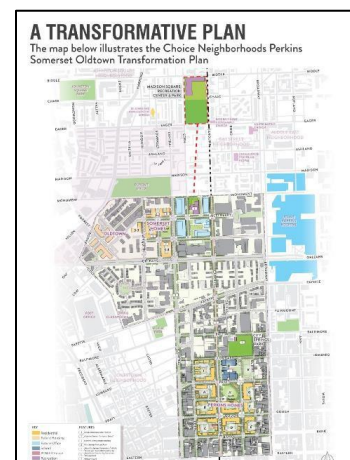
The Chick Webb Recreation Center is part of the larger Transformation plan that also includes a new K-8 school, two parks, hotel, grocery store, upgraded infrastructure, and neighborhood retail. When complete, the PSO plan is expected to attract nearly \$1 billion in investment. Additional information about the PSO Transformation Initiative can be found in [Attachment I](#).

As part of its commitment to leverage the Choice Neighborhood grant funds, Baltimore City DHCD is committing up to \$12 million as a Section 108 Loan to support the PSO transformation. A copy of the Commitment Letter can be found in [Attachment J](#).

Project Schedule

Construction on both the existing facility and addition is expected to begin in January 2023 and will require two years to complete. It is anticipated that Chick Webb will close to the public in late summer of 2022 to prepare the building for construction and will reopen in January 2025 following the completion of construction.

The construction contract is expected to be advertised in July 2022 and will follow City procurement policies and include Davis-Bacon wage requirements, Section 3 Hiring, and Minority and Women's Business participation rates. The advertising, review, and award process is anticipated to last five months.



Prior to advertising work, the City requires that all funds are committed for the project. To have Section 108 Funds available by the estimated summer 2022 construction advertising date, DHCD anticipates seeking approval from the City's Board of Estimates to submit a final Section 108 Loan Application in May 2022. The request for Board of Estimates approval will have been preceded by a 30-day public comment period. The Part 58 Environmental Clearance is expected to receive a FONSI Notice in summer 2022.

The table below outlines key dates associated with the proposed construction and renovations:

ENVIRONMENTAL CLEARANCE & RELEASE OF FUNDS		
ACTIVITY	START DATE	DURATION
Environmental Assessment	Fall 2021	5 months
Release of Draft Application/30-Day Public Comment Period/Review and Incorporation of Comments	Fall/Winter 2021	45-60 days
HUD Release of Funds Notification	Spring 2022	60 days
Section 108 APPLICATION REVIEW & APPROVAL		
ACTIVITY	START DATE	DURATION
Board of Estimates Approval of DHCD Ability to Submit Final Application and Execute Loan Documents	Winter 2022	90-120 days
Formal Submission of Draft Section 108 Application for HUD Review	Spring 2022	90-120 days
PREDEVELOPMENT		
ACTIVITY	START DATE	DURATION
Baltimore City Commission on Historical & Architecture Preservation Approvals	Spring 2020	Complete
Geotech Survey	Fall 2020	Complete
Design Development	Spring 2021	12 months
FINANCING APPROVAL		
ACTIVITY	START DATE	DURATION
Approval of Section 108 Application from HUD	Spring 2022	120 days
Board of Estimates Approval of Section 108 Loan Documents	Spring/Summer 2022	45 days
CONSTRUCTION		
ACTIVITY	START DATE	DURATION
Stormwater Management Review & Submission of Permits	Spring 2021	12-14 months

Preparation of Construction Documents	Fall 2021	7-9 months
Completion of Public Art Design Requirements in Coordination with the Construction Drawings of the Building and Site	Winter 2025	9-12 months
Rec Center Closes for Renovations	Fall 2022	
Procurement, Advertise Construction Contract, Review, Award, Notice to Proceed	Summer 2022	6-8 months
Contract Awarded/ Notice to Proceed	Fall 2022/Winter 2023	1 month
Submit Application of Building Permits	Fall 2022	30 days
Construction	Winter 2023	2 years
Construction Complete	Winter 2025	
Center Reopens	Winter 2025	

Section 108 Closing

The City is seeking to close on its financing with HUD in early summer 2022 prior to the start of the public procurement process. Under the terms of the City Charter, agencies are required to demonstrate that all the funds needed to undertake the project are available. An early summer closing will provide sufficient time to satisfy City requirements and finalize construction and bid documents for advertising.

The City's Commission on Historical and Architectural Preservations (CHAP) participation has reviewed the plans for the Chick Webb redevelopment and provided approval at their August 2021 meeting. Based on this approval, the City is not anticipating any difficulties in receiving approval from the State's Historic Preservation Officer. A recent Phase I Assessment, does not indicate that any significant remediation will be required. The City recognizes that the Phase I Assessment may need to be updated prior to the submittal of the Release of Funds request.

Form of Assistance

Funds will be made available directly to DHCD who in turn will enter into an Interagency grant agreement making funds available to the Department of Recreation and Parks. All funds will be made available as a grant with no expectations of repayment to DHCD. There will be no Program Income generated from these funds.

Information on Organizational Arrangements

Funds will be accepted by DHCD with project construction managed by the Department of Recreation and Parks. Both agencies have extensive experience in managing large-scale and complex development and construction projects. The Department of Recreation and Parks' Office of Capital Development and Planning manages a capital program of \$12-\$20 million annually. The Division has

on-staff inspectors to manage all construction projects. Projects receive a variety of City, State, and Federal funds. Recent and current projects with federal funds include the Jones Falls Trail (Phase V was completed in 2020) and the Youth Campground in Gwynns Falls Park. Other recently completed projects include the new Cahill Fitness and Wellness Center, Bocek Recreation Center renovation, Clifton Park Tennis Court along with several athletic fields, dog parks and playground projects. A new Middle Branch Fitness and Wellness Center with fields and parking lot and a redesigned Druid Park outdoor pool facility are currently under construction.

Sources and Uses

USES	
Design	\$ 1,500,000
Renovations	\$ 9,263,548
New Construction	\$ 7,397,248
Furniture, Equipment & Art	\$ 860,000
Construction Administration, Management, Inspections	\$1,500,000
Section 108 Financing Fee	\$ 240,000
TOTAL USES	\$20,760,796
SOURCES	
Section 108 Loan	\$12,240,000
Baltimore City Funds	\$ 8,460,796
Choice Neighborhoods Critical Community Improvement Funds	\$ 60,000
TOTAL SOURCES	\$20,760,796

Use of Section 108 Funds

\$12 million of the Section 108 Loan proceeds will be used only to pay a portion of renovation and new construction costs including:

- Fabrication and installation of stairs and railings
- Cleaning and repairing historic masonry
- Cleaning and repairing historic cast iron
- Bathroom upgrades
- Installation of ADA accessible signage
- Swimming Pool Upgrades
- Storm drain and sump pumps
- Commercial plumbing fixtures
- LED Light fixtures

Detailed Construction Estimates, along with a construction budget highlighting items that will be paid for with Section 108 Loan funds, can be found in [Attachment K](#).

The remaining \$240,000 of the Loan proceeds will be used to pay the required financing fee.

Other Financing Sources

The City is making a total of Eight-Million Four-Hundred Sixty Thousand Seven-Hundred Ninety-Six Dollars (\$8,460,796) available towards the project. Six-Million Six-Hundred Fifty-Thousand Dollars (\$6,650,000) has been appropriated and the remaining One-Million Eight-Hundred Ten-Thousand Seven-Hundred Ninety-Six Dollars (\$1,810,796) is being requested in the City Fiscal Year 2023 Capital Budget, which will be available July 1, 2022.

The Choice Neighborhoods Grant includes funds for Critical Community Improvements (CCI Funds) to support Neighborhood redevelopment strategies. HUD has provided conceptual approval of Sixty-Thousand Dollars (\$60,000) that has been allocated for public art that will be incorporated into the building design.

Revenue and Operating Expenses

As a City-owned recreation facility, the Chick Webb Recreation Center offers its programs and facilities to all members of the public free of charge, except for summer camp programs. Annual operating costs are approximately One-Million Dollars (\$1,000,000) and are included in the City's Operating Budget.

Proposed Repayment Terms

DHCD, on behalf of the Mayor and City Council of Baltimore, is requesting a Section 108 Loan in the amount of Twelve-Million Two-Hundred Forty-Thousand Dollars (\$12,240,000). The loan would be repaid over 15 years from DHCD's annual Community Development Block Grant allocation at an estimated annual interest rate of 3.5 percent. DHCD anticipates making three quarterly interest-only payments of approximately \$100,000 per quarter, and one payment per year of principal and interest of approximately \$1,000,000.

DHCD understands that final terms and payment amounts are subject to HUD underwriting standards and bond sales, and that the loan repayment amount may be different from what DHCD is projecting. A comprehensive projected repayment and amortization schedule can be found in [Attachment L](#).

Collateral

The Chick Webb Recreation Center is owned by the Mayor and City Council (the "City") and operated by its Department of Recreation and Parks. Article XI, Section 7 of the Maryland Constitution prohibits the City from incurring a debt without voter approval and the Maryland Courts have held that pledging a City asset (except for non-recourse purchase money financing) constitutes constitutionally prohibited debt. Accordingly, Maryland law prohibits the City from granting HUD a mortgage of the City's fee simple interest in the property that was acquired by the City and owned free and clear of any debt encumbrance prior to the incurrence of the HUD Section 108 debt obligation. As an alternative, the City proposes the following structure to meet the Section 108 Loan program's collateralization requirements:

1. The City will lease the property (land and present improvements) to itself as lessor and lessee for the consideration of One Dollar (\$1.00) for a term of not less than the term of the HUD Section 108 financing ("Prime Lease"). This Prime Lease will contain non-merger language to ensure the lessor and lessee interests remain as separate legal interests.
2. In addition to the Prime Lease, there will be a sublease ("Sublease") between the City as lessee under the Prime Lease and sublessor under the Sublease to the City as sublessee under the sublease. The terms of the Sublease will mirror the terms of the Prime Lease (including non-merger language). However, the City, as sublessee, will pay all expenses incurred at the property, including all utilities, governmental charges, repairs, and capital replacements, etc. The City, as sublessee, will also pay a base rent equal to the lesser of (i) the fair rental value of the fully renovated Recreation Center utilizing the HUD 108 funds or (ii) the debt service due on the HUD Section 108 loan to fully repay the HUD 108 loan in accordance with the terms of the HUD Section 108 financing documents.
3. The City as lessee under the Prime Lease will grant HUD a leasehold mortgage that would serve as a lien on the City's interest as lessee under the Prime Lease, providing HUD with the option of (i) foreclosing on the leasehold interest in the property if the City failed to make a loan payment or (ii) accepting an assignment of the lessee's interest in the Prime Lease in lieu of foreclosure.
4. In the event of foreclosure or assignment, HUD would become both the lessee under the Prime Lease (and have no payment obligation to Prime Lease lessor) and the sublessor under the Sublease and be entitled to receive the base rent due under the Sublease to be applied to the repayment of the HUD Section 108 obligation. The City's obligation to pay the base rent under the sublease would be equivalent to a full faith and credit obligation of the City. Maryland Courts have held that the City entering into a long-term lease as lessee with an obligation to pay a rental that does not exceed the fair-rental value of the property does not violate the state debt prohibition (discussed above) and would constitute a full-faith and credit obligation of the City like its other contractual obligation.
5. The Prime Lease and Sublease will terminate when all payments due under the HUD Section 108 financing are satisfied.

These agreements will be subject to approval by the City's Board of Estimates. Prior to seeking approval, DHCD will provide HUD with more detailed information including copies of the proposed leases, subleases, and leasehold mortgage for review and approval.

SECTION III PROGRAM REQUIREMENTS

[Please note that HUD can assist in identification of this information.]

Eligible Section 108 activity and associated citations to [24CFR 570.703](#) and [24 CFR 570.203](#) for components of that project.

The rehabilitation of the Chick Webb Recreation Center, and the construction of a new addition to the Center, are eligible activities pursuant to Subpart M, Section 570.703 (I) of CFR 24 Housing and Urban Development; Subtitle B. Regulations Relating to Housing and Urban Development; Chapter V; Subchapter C. Section 570.703 (I) allows for the acquisition, construction, reconstruction, rehabilitation or historic preservation, or installation of public facilities.

The payment of credit subsidy costs is eligible under Subpart M at Section 570.712(a). The costs are payable from the grant allocated to the issuer pursuant to the Act (including program income derived therefrom) or from other sources but are only payable from guaranteed loan funds if the fee is deducted from the disbursement of guaranteed loan funds.

Description of CDBG national objective(s) that the project(s)/project components will meet and associated citations to [24 CFR 570.208](#)

Supporting documentation demonstrating how national objectives will be met

Example: For LMI area benefit ([24 CFR 570.208\(a\)\(1\)](#)), please provide maps and census information or survey data on proposed area.

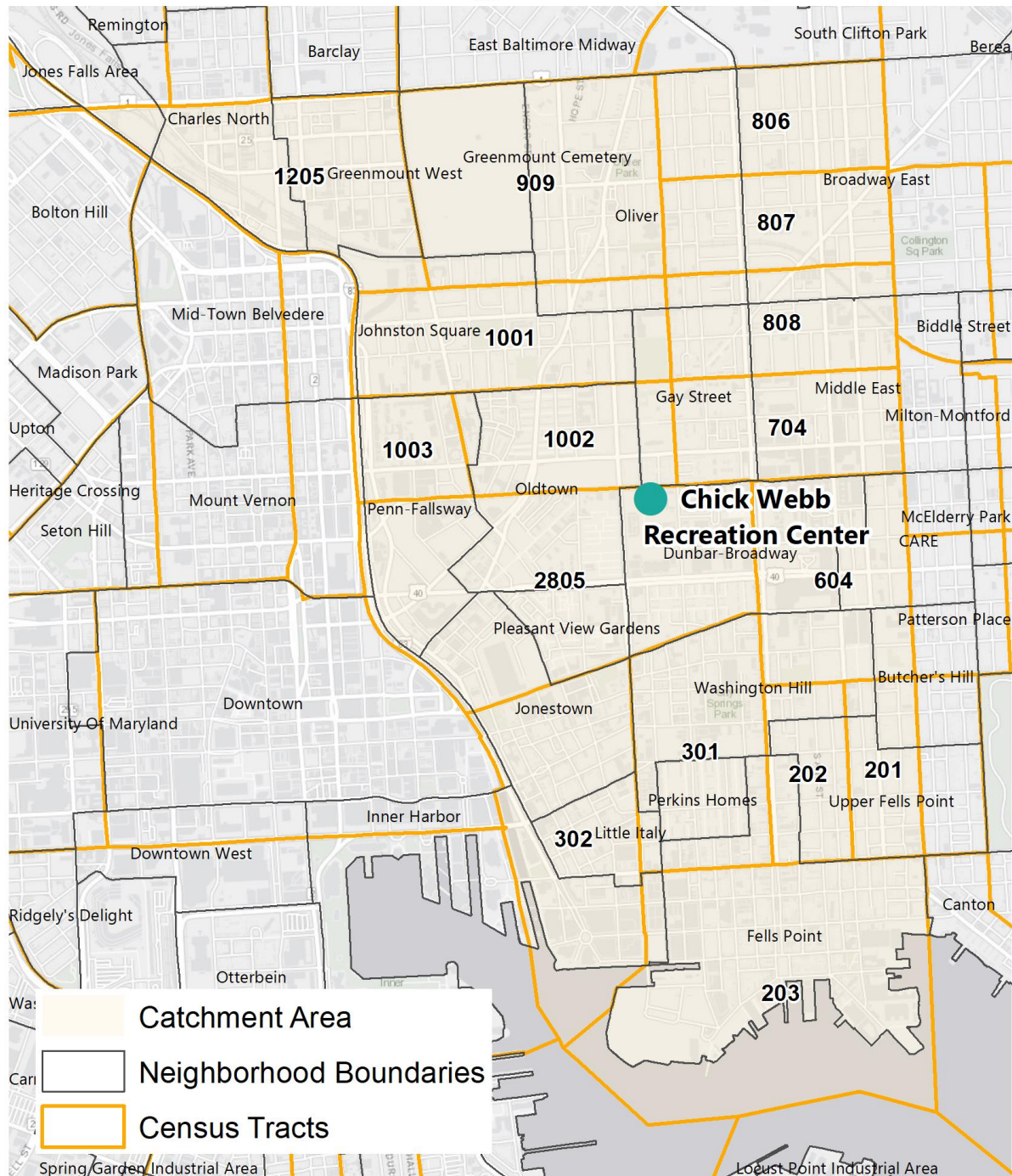
The rehabilitation and expansion of the Chick Webb Recreation meets the national objective of an activity benefitting low- and moderate-income persons found a CFR 24 Housing and Urban Development; Part 570 Community Development Block Grants Section 570.208(a)(1)(i). The activity will serve residents of a 2.8 square-mile area of East Baltimore. This area includes the neighborhoods of Charles North, Greenmount West, Oliver, Johnston Square, Madison Square Park, Gay Street, Penn-Fallsway, Dunbar Broadway, Johns Hopkins Hospital, Pleasant View Gardens, Jonestown, Washington Hill, Little Italy, Perkins Homes, Inner Harbor East, and Fells Point. It also contains significant portions of the Broadway East, Middle East, CARE, Butcher's Hill, and Upper Fells Point neighborhoods. The area is comprised of sixteen (16) census tracts made up of forty-two (42) census block groups. The following table contains the low- and moderate-income population tabulations and percentages for each of the forty-two (42) block groups. It also calculates the low- and moderate-income percentage of the area in total which is 70.27 percent. Following the block group data is a map of the catchment area that will be served by the project with census tract and neighborhood boundary overlays.

% of Low- & Moderate-Income Persons by Census Block Group in the Chick Webb Recreation Center Catchment Area								
State	Countyname	Tract	Bckgrp	Low	Lowmod	Lmmi	Lowmod univ	Lowmod_ pct
MD	Baltimore City	20100	1	200	290	400	700	41.43%
MD	Baltimore City	20100	2	295	395	640	1,255	31.47%
MD	Baltimore City	20200	1	180	470	535	660	71.21%
MD	Baltimore City	20200	2	555	750	985	1,275	58.82%
MD	Baltimore City	20300	1	255	365	630	1,340	27.24%
MD	Baltimore City	20300	2	120	320	595	975	32.82%
MD	Baltimore City	20300	3	280	765	885	1,635	46.79%
MD	Baltimore City	30100	1	1,515	1,820	2,040	2,100	86.67%
MD	Baltimore City	30100	2	855	885	1,045	1,155	76.62%
MD	Baltimore City	30200	1	515	610	730	1,085	56.22%
MD	Baltimore City	30200	2	225	385	520	1,020	37.75%
MD	Baltimore City	60400	1	410	525	665	700	75.00%
MD	Baltimore City	60400	2	380	395	460	705	56.03%
MD	Baltimore City	70400	1	150	195	195	205	95.12%
MD	Baltimore City	70400	2	225	245	245	245	100.00%
MD	Baltimore City	70400	3	670	725	830	895	81.01%
MD	Baltimore City	80600	1	290	310	385	405	76.54%
MD	Baltimore City	80600	2	295	360	505	585	61.54%
MD	Baltimore City	80600	3	215	575	615	625	92.00%
MD	Baltimore City	80600	4	385	570	575	695	82.01%
MD	Baltimore City	80700	1	280	340	365	440	77.27%

MD	Baltimore City	80700	2	285	285	285	300	95.00%
MD	Baltimore City	80800	1	150	170	175	175	97.14%
MD	Baltimore City	80800	2	635	745	780	890	83.71%
MD	Baltimore City	90900	1	255	290	290	290	100.00%
MD	Baltimore City	90900	2	315	450	495	575	78.26%
MD	Baltimore City	90900	3	210	400	445	460	86.96%
MD	Baltimore City	90900	4	710	785	925	1,040	75.48%
MD	Baltimore City	100100	1	750	865	920	930	93.01%
MD	Baltimore City	100100	2	405	425	425	425	100.00%
MD	Baltimore City	100100	3	180	230	300	335	68.66%
MD	Baltimore City	100100	4	310	450	465	540	83.33%
MD	Baltimore City	100200	1	435	625	700	700	89.29%
MD	Baltimore City	100200	2	990	1,160	1,355	1,435	80.84%
MD	Baltimore City	100200	3	285	390	390	390	100.00%
MD	Baltimore City	100300	1	0	0	0	0	0.00%
MD	Baltimore City	120500	1	395	695	830	945	73.54%
MD	Baltimore City	120500	2	600	830	1,110	1,210	68.60%
MD	Baltimore City	280500	1	920	920	920	935	98.40%
MD	Baltimore City	280500	2	305	305	360	380	80.26%
MD	Baltimore City	280500	3	385	405	420	420	96.43%
MD	Baltimore City	280500	4	390	395	395	395	100.00%
L/M Count Chick Webb Catchment				17,205	22,115	25,830	31,470	70.27%

Data Source: U.S. Department of Housing and Urban Development FY 2021 ACS 5-Year Low- and Moderate-Income Summary Data Released April 2, 2021. <https://www.hudexchange.info/news/updates-to-low-moderate-income-summary-data-now-available/?msclkid=4e87ad03c44511eca31d23e90f3ad4bc>

Chick Webb Recreation Center Catchment Area with Census Tract and Neighborhood Boundary Overlays



SECTION IV: LOAN FUND APPLICATIONS

This section is Not Applicable. Funds are being requested and provided as a grant with no expectation of repayment or generation of program income.